

Commercial Needs Assessment

Township of Uxbridge

Prepared for: Evendale Developments Ltd.

December 1, 2017





Mr. David Sud
Evendale Developments Ltd.

December 1, 2017

**Re: Commercial Needs Assessment
Township of Uxbridge, ON**

Dear Mr. Sud:

As requested, Tate Economic Research Inc. (“TER”) has prepared this commercial needs assessment. The commercial needs assessment is required by the Township of Uxbridge (“Uxbridge”) as one of the municipal approval requirements to permit the development of townhomes on lands previously contemplated for commercial uses.

1. Background

The lands controlled by Evendale Developments Ltd. (“Evendale”) are located at the north-east corner of Donland Lane and Brock Street East in Uxbridge (“Site”). The Site comprises approximately 13 acres. It is designated Brock Street Mixed Use Area. It is our understanding that the Site currently permits and / or requires the development of the following commercial uses:

- Supermarket of 30,000 to 35,000 square feet;
- Other retail and services, including personal services, of up to 20,000 square feet;

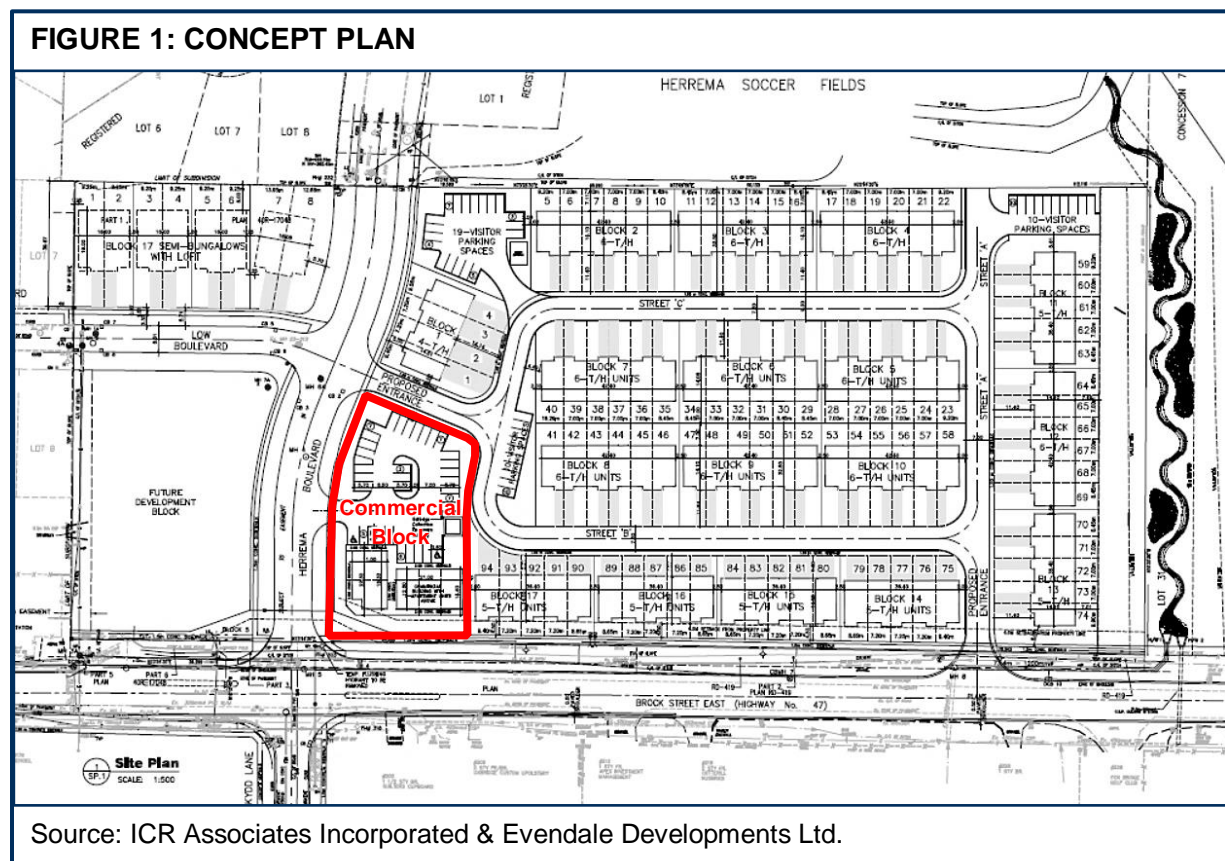
Furthermore, aside from the supermarket, no individual unit can occupy less than 2,000 square feet or more than 10,000 square feet. There are other restrictions that relate to specific users.

The current development concept is indicated in Figure 1. The concept includes a condominium townhome block and a mixed use residential / commercial block. The townhome block consists of 94 townhomes on approximately 12 acres.

The mixed-use residential / commercial block is proposed in the form of two separate units, totaling approximately 5,000 square feet. There are 5 residential apartments proposed above the commercial units. This block will comprise less than 1 acre. Parking will be provided in the mixed-use residential / commercial block.

The current proposal represents a decrease in the amount of commercial space proposed at the Site. In order to understand any potential impacts on the commercial structure that may be anticipated as a result of the proposed development concept, Township staff have requested that the application be reviewed from the perspective of commercial needs and market demand.

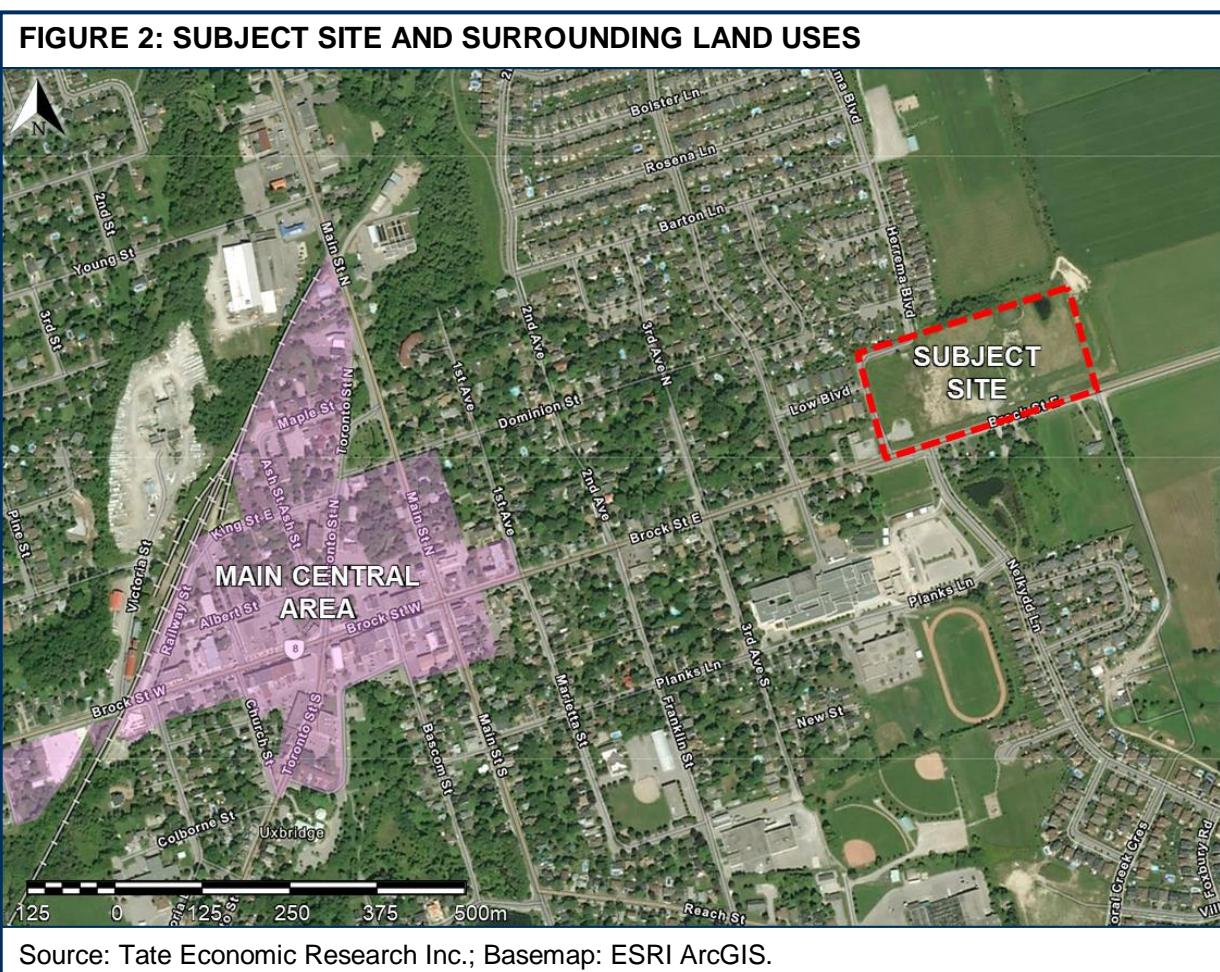
The balance of this letter report outlines TER's research and analysis relating to this proposed development concept. It also provides a summary and conclusion relating to the implications of proposed development concept on the commercial structure of Uxbridge.



2. Site Description

The location of the Site is illustrated in Figure 2. The following observations are made with respect to the location and surrounding land uses:

- The Site is located at the north-east corner of Donland Lane and Brock Street East in Uxbridge;
- It is in the eastern portion of the Uxbridge Urban Area. It is located approximately 200 metres west of the Uxbridge Urban Area Boundary;
- The Site is primarily surrounded by low density residential development to the south and west. Agricultural uses are located to the east;
- There is municipal park land to the north of the Site consisting of the Herrema Soccer Fields;
- There are detached houses, now occupied by commercial uses, located on the south side of Brock Street East. Future commercial development is anticipated



on these lands as they are designated for Highway Commercial uses. Further south is the Uxbridge Secondary School, located on the south side of Brock Street East, across the street from the Site; and,

- The site is approximately 700 metres east of Uxbridge's Main Central Area.

In terms of accessibility, the following observations are made with respect to the Site:

- Brock Street East is a two lane road in the vicinity of the Site. It includes a turning lane to the south, providing access to Nelkydd Lane;
- Donland Lane is a two lane road, connecting Brock Street East to Herrema Boulevard; and,
- As indicated in Figure 1, future access to the commercial block will be provided via Donland Lane.

In summary, the Site is visible from Brock Street East and will be accessible from Donland Lane.

3. Summary of Previous Research

As a component to an update of the previous Official Plan, the Town of Uxbridge retained Malone Given Parsons Ltd. ("MGP") to provide market consulting services as input to the Uxbridge Urban Area Commercial Policy Review. MGP prepared two reports for Uxbridge. The first is a 2005 report titled "*Uxbridge Commercial Policy Review – Phase 1, Supermarket & Grocery Demand Analysis, Township of Uxbridge, Ontario*". The second is a 2006 report titled "*Uxbridge Commercial Policy Review, Retail / Commercial Demand Analysis, Township of Uxbridge, Ontario*" ("2006 MGP Report").

The 2006 MGP Report summarizes its mandate as:

"A key component of the commercial policy review is to determine if additional commercial development is appropriate for the Uxbridge Urban Area and if so, establish the amount and type of commercial development which should be considered in future years."

"As such, MGP was retained to carry out a market analysis to assess and determine market demand and support for additional food store space and other retail / commercial and service space in the Uxbridge Urban Area."

The following Figure 3 summarizes market demand forecast in the 2006 MGP Report.

FIGURE 3			
SUMMARY OF MGP MARKET DEMAND FORECAST (SQUARE FEET)			
	2005	2005 - 2016	2016
	MGP Inventory	MGP Warranted Space Increase	MGP Forecast
Food Stores	108,500	53,000	161,500
Non Food Retail	341,000	92,000	433,000
Services	294,700	56,400	351,100
Total Occupied	744,200		945,600
Vacant	26,800		
Grand Total	771,000		

Source: Uxbridge Commercial Policy Review, prepared by Malone Given Parsons Ltd, 2006.

4. Commentary on Previous Commercial Market Demand Analysis

The MGP commercial demand forecast is based on assumptions that may have been appropriate in 2005 / 2006, but may not have come to fruition since that time. In addition, market conditions have changed in the Uxbridge market and in the overall retail industry since the time of the 2006 MGP Report. Some of these changes in assumptions and market conditions are outlined below.

The 2006 MGP Report did not recognize the increase in retail development, including a Walmart Supercentre anchored retail centre, in Port Perry. The 2006 MGP Report included Port Perry in the Secondary Trade Area of Uxbridge and forecast an increase in spending from the Secondary Trade Area residents in Uxbridge. This increase in spending likely did not occur to the extent forecast by MGP.

The population forecasts used by MGP were also aggressive. The 2006 MGP Report forecast that the Uxbridge Urban Area would be fully built out to its capacity population of 12,500 persons by 2016. The 2016 Census information indicates a 2016 population of approximately 11,400.

The development of the food component of the Walmart Supercentre in Uxbridge was not likely contemplated in the 2006 MGP Report. At that time, the Walmart store in Uxbridge was an older format Walmart, with a limited range of food store related items, available in an area known as a “pantry”. Since the time of the 2006 MGP Report, the store has been converted to a Walmart Supercentre and includes a full range of food store items. The Walmart Supercentre now serves a component of food store related demand that was forecast by MGP.

The introduction of E-Commerce and its impact on retail demand was not forecast in the 2006 MGP Report. E-Commerce represents a small, but growing segment of the

retail industry. There is consensus amongst retail analysts that E-Commerce has impacted the demand for traditional “bricks and mortar” space. This impact was not recognized in the MGP analysis.

As a result of these assumptions and market conditions, it is anticipated that MGP overstated market demand for retail commercial space.

5. Current Inventory of Competitive Commercial Space

An inventory of all retail, service and vacant space within the Uxbridge Urban Area was conducted by TER in November 2017 and incorporated into this analysis.

Figure 4, illustrates the amount and distribution of commercial space within the Uxbridge Urban Area. Figure 5, which follows, indicates the inventory nodes, summarizing the locations of retail concentrations within the Uxbridge Urban Area. The existing inventory can be summarized as follows:

- There is approximately 885,200 square feet of retail commercial space in the Uxbridge Urban Area;
- There is 126,500 square feet of Food Oriented Retail space, 348,800 square feet of Non-Food Oriented Retail space, and 370,800 square feet of Service space;
- There is approximately 39,100 square feet of vacant space. This vacant space represents a vacancy rate of 4.4%;
- Node 1 is the Main Central Area. It totals 289,700 square feet of retail commercial space. The Main Central Area has a vacancy rate of 7.8%;
- The largest concentration of retail commercial space is Node 2, the Commercial Corridor Area. It includes 490,300 square feet. Major tenants include Walmart Supercentre, Zehrs, Canadian Tire and others;
- Node 3 is the Mixed Use Area. It is located north of the Main Central Area. The Mixed Use Area includes approximately 35,400 square feet of retail commercial space; and,
- The balance of retail commercial space in the Uxbridge Urban Area is referred to as “Other Uxbridge Urban Area”. This Node totals 69,800 square feet.

Food Stores

As a supermarket was initially anticipated at the Site, TER has commented more specifically on food stores in Uxbridge. These comments are summarized below:

FIGURE 4 SUMMARY OF RETAIL AND SERVICE SPACE WITHIN THE UXBRIDGE URBAN AREA ⁽¹⁾						
	Main Central Area 1	Corridor Commercial Area 2	Mixed-Use Area 3	Other Uxbridge Urban Area 4	TOTAL PRIMARY ZONE 1-4	<i>Percent Distribution</i>
Nodes						
Food Oriented Retail (FOR)						
Supermarkets	0	103,100	0	0	103,100	11.6%
Convenience & Specialty Food Stores	9,900	7,500	3,000	3,000	23,400	2.6%
Sub-Total Food Oriented Retail (FOR)	9,900	110,600	3,000	3,000	126,500	14.3%
Non Food Oriented Retail (NFOR)						
Department Stores	0	85,000	0	0	85,000	9.6%
General Merchandise	0	61,600	0	0	61,600	7.0%
Clothing, Shoes & Accessories	4,200	10,800	0	0	15,000	1.7%
Furniture, Home Furnishings & Electronics	17,800	1,500	6,200	0	25,500	2.9%
Pharmacies & Personal Care Stores	6,300	32,900	0	0	39,200	4.4%
Building & Outdoor Home Supplies	6,200	36,200	0	0	42,400	4.8%
Miscellaneous Retailers	21,500	24,700	0	11,100	57,300	6.5%
Automotive	0	0	3,200	0	3,200	0.4%
Sub-Total Non Food Oriented Retail (NFOR)	56,000	252,700	9,400	11,100	329,200	37.2%
Other Retail & Service Space						
Liquor, Beer & Wine	1,400	10,400	4,100	3,700	19,600	2.2%
Food Services	30,200	36,900	2,300	1,600	71,000	8.0%
Personal Services	18,300	7,400	1,200	4,000	30,900	3.5%
Financial & Real Estate Services	32,100	22,700	0	1,300	56,100	6.3%
Medical, Dental, Health & Legal Services	41,100	27,000	0	28,000	96,100	10.9%
Other Services	78,000	11,100	12,400	15,200	116,700	13.2%
Sub-Total Other Retail & Service Space	201,100	115,500	20,000	53,800	390,400	44.1%
Total Occupied Retail & Service Space	267,000	478,800	32,400	67,900	846,100	95.6%
Vacant	22,700	11,500	3,000	1,900	39,100	4.4%
Vacancy Rate (%)	7.8%	2.3%	8.5%	2.7%	4.4%	
Total Retail & Service Space	289,700	490,300	35,400	69,800	885,200	100.0%
Percent Distribution	32.7%	55.4%	4.0%	7.9%	100.0%	

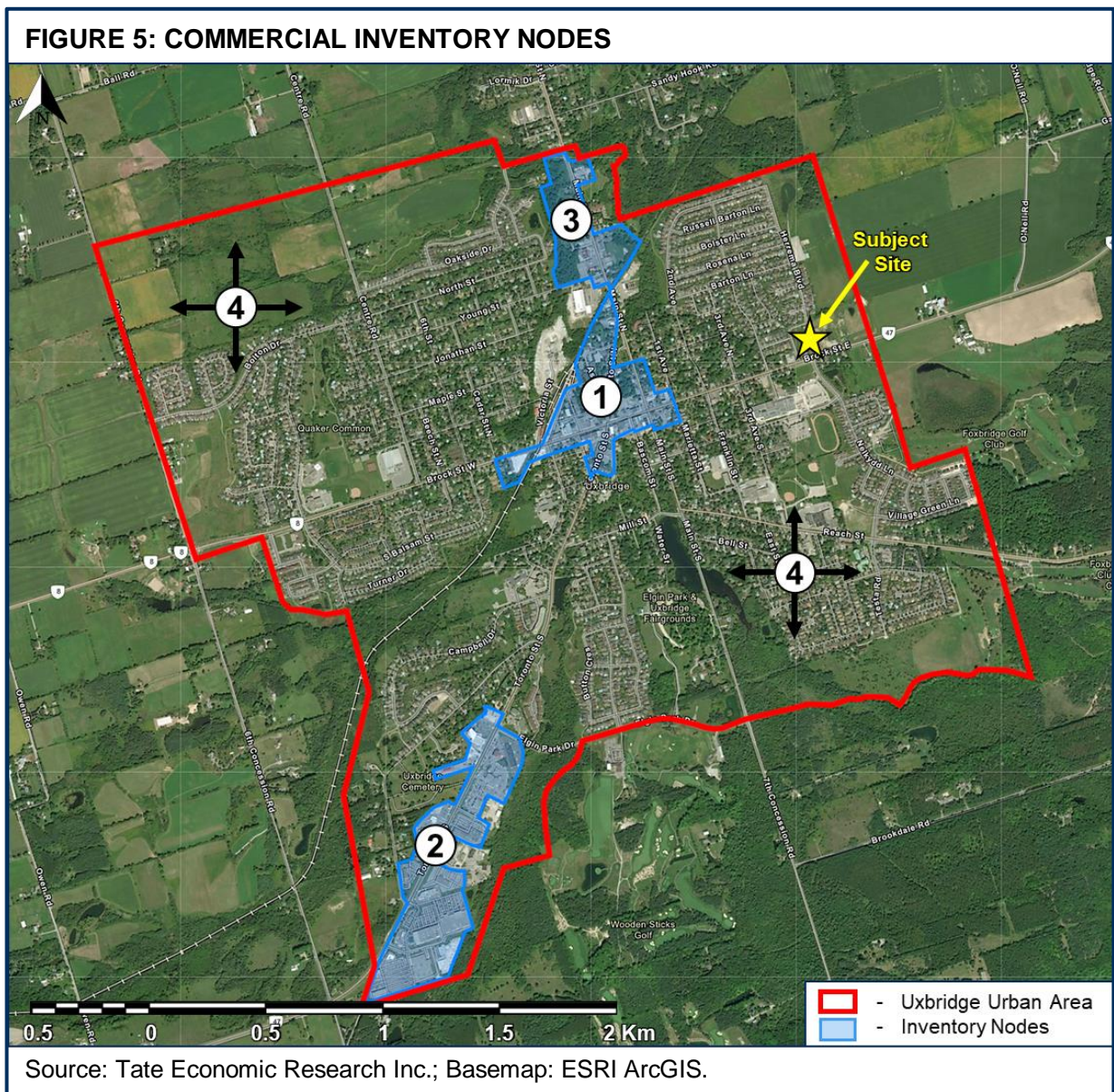
Source: Tate Economic Research Inc.

¹⁾ Based on inventory and site inspections completed by TER in November 2017. Rounded to the nearest 100 square feet.

- Supermarkets account for approximately 103,100 square feet of retail space. Supermarkets represent 81.5% of the total Food Oriented Retail space in Uxbridge. Specialty food stores total approximately 23,400 square feet, representing the balance of the FOR category;
- The 90,100 square foot Zehrs store on Toronto Street South is a traditional full service supermarket. It is located within Node 2, Corridor Commercial Area;
- Vince’s Market operates a 13,000 square foot supermarket. It is a specialty supermarket, with an emphasis on prepared foods and produce. It opened after the completion of the MGP Report;
- The Walmart Supercentre is approximately 85,000 square feet. This store is classified as a “department store”, although it contains a large food component. This store originally operated as a Walmart department store which included a pantry that provides a limited range of food products. Since the completion of the MGP Report, the Walmart department store has been converted to a

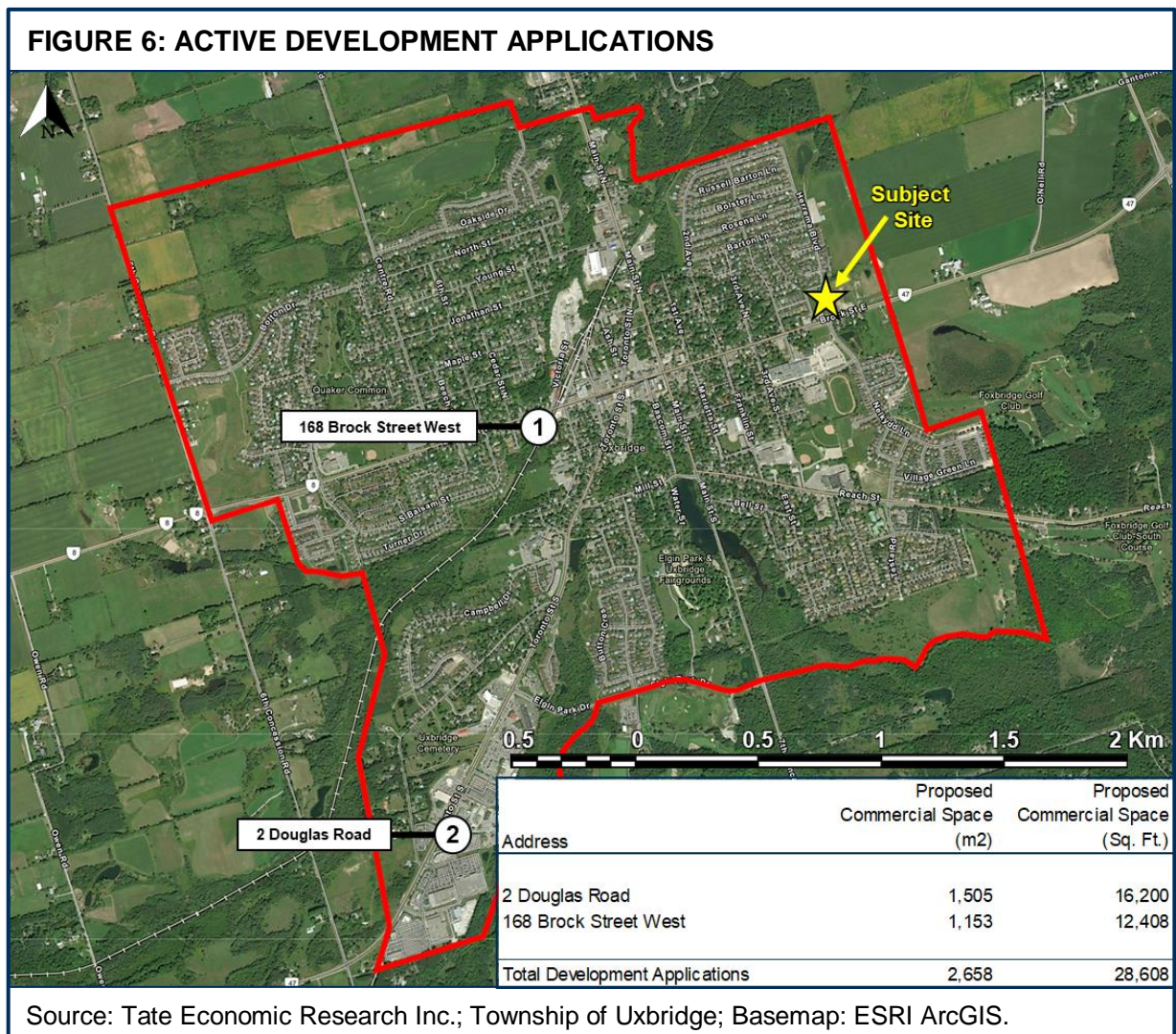
Walmart Supercentre. This conversion to the Walmart Supercentre is known as an “in-box conversion” in that the overall size of the store remained constant, and a food component was added to the merchandise. Typically, the food component of an 85,000 square foot Walmart would total approximately 20,000 to 30,000 square feet; and,

- Since the completion of the MGP Report, Vince’s Market and the Walmart Supercentre’s food store component opened. Combined, these two offerings total approximately 33,000 to 43,000 square feet of food oriented retail space.



6. Commercial Development Applications

There are two active commercial development applications in the Uxbridge Urban Area. The first is located at 2 Douglas Road, at the intersection of Toronto Street and Douglas Road. The second is located at 168 Brock Street West, the current location of Firebridge Fireplaces. These two applications combine for approximately 28,600 square feet of proposed commercial space within the Uxbridge Urban Area. The locations and sizes of these two proposed developments are indicated on Figure 6.



7. Commercial Needs Assessment

TER has examined forecast warranted market demand from the 2006 MGP Report, and has compared the 2016 MGP forecast for commercial space to the existing

inventory of commercial space carried out by TER in November 2017. This comparison is shown on Figure 7. The following observations are made with respect to Figure 7:

- The 2006 MGP Report forecast a total of 161,500 square feet of Food Store space, 433,000 square feet of Non Food Retail space and 351,100 square feet of Service Space;
- In comparison, the Uxbridge Urban Area currently features 126,500 square feet of Food Store space, 348,800 Non Food Retail space and 370,800 square feet of Service space;
- Overall, there is approximately 846,100 square feet of occupied retail commercial space in the Uxbridge Urban Area, compared to the MGP forecast for 945,600 square feet; and,
- Currently, the Uxbridge Urban Area has 99,500 square feet less commercial space than forecast in the 2006 MGP Report.

FIGURE 7 COMPARISON OF 2016 MGP FORECAST TO 2017 TER INVENTORY (SQUARE FEET)			
	2016 MGP Forecast	2017 TER Inventory	Difference
Food Stores	161,500	126,500	-35,000
Non Food Retail	433,000	348,800	-84,200
Services	351,100	370,800	19,700
Total Occupied	945,600	846,100	-99,500
Source: Tate Economic Research Inc.; Uxbridge Commercial Policy Review, prepared by Malone Given Parsons Ltd, 2006.			

In terms of Food Stores, it is noted that since the completion of the 2006 MGP Report, the Walmart department store converted into a Walmart Supercentre. It includes a food component of between 20,000 and 30,000 square feet. Therefore, a portion of the shortfall in Food Store space forecast by MGP has been served by this Walmart space.

8. Summary and Conclusion

The following points summarize the findings of the TER Commercial Needs Assessment:

- The current Evendale application includes commercial uses.
- The Evendale Site is located near the periphery of the Uxbridge Urban Area and the commercial development, as proposed, is suitable for neighbourhood oriented commercial uses.
- The market analysis undertaken on behalf of the Town overstated market demand for new food store space in Uxbridge. This overstatement relates primarily to:
 - Population levels have not increased to the extent forecast in the 2006 MGP Report.
 - The MGP Report did not recognize any impact of E-Commerce.
 - The MGP Report did not recognize the conversion of the Walmart store into a Walmart Supercentre, which includes a food store component.
 - Since the completion of the 2006 MGP Report, the Walmart Supercentre has been completed and a new Vince's Market supermarket has opened in Uxbridge.

It is our professional opinion that the development of the 5,000 square feet of commercial uses on the Evendale Site is appropriate from the perspective of market demand. Uxbridge residents are adequately served by the existing retail commercial structure and a supermarket on the Evendale Site is not required to serve Uxbridge residents.

Thank you for this opportunity to prepare commercial needs assessment. If you have any questions regarding this letter, please do not hesitate to contact Jamie Tate at 416 260 9884 x111 or via email at jtate@tateresearch.com.

Yours truly,
TATE ECONOMIC RESEARCH INC.



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